

Members

Rep. Ben GiaQuinta, Chairperson
Rep. Claire Leuck
Rep. Robert Alderman
Rep. James Atterholt
Sen. Thomas Wyss
Sen. Allen Paul
Sen. William Alexa
Sen. Allie Craycraft
Terry Smith
John Dahman
Jim Brown
David Miller



COMMISSION ON MILITARY AND VETERANS AFFAIRS

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Authority: IC 2-5-20

MEETING MINUTES¹

Meeting Date: August 16, 2000
Meeting Time: 10:30 A.M.
Meeting Place: State House, 200 W. Washington
St., Room 404
Meeting City: Indianapolis, Indiana
Meeting Number: 1

Members Present: Rep. Ben GiaQuinta, Chairperson; Rep. Claire Leuck; Rep. James Atterholt; Sen. Thomas Wyss; Sen. Allie Craycraft; Mr. Terry Smith; Mr. John Dahman; Mr. Jim Brown; Mr. David Miller.

Members Absent: Rep. Robert Alderman; Sen. Allen Paul; Sen. William Alexa.

Representative Ben GiaQuinta, Chair of the Commission, convened the meeting shortly after 10:30 A.M. After the members of the Commission introduced themselves, Rep. GiaQuinta briefly described the duties of the Commission.

Representative GiaQuinta then recognized Mr. Joe Ryan, who thanked the Commission members for their work during the 1999 interim on legislation to support recruiting efforts in high schools.

¹ Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.ai.org/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

I. Licensing and Certification of Veterans

Representative GiaQuinta then recognized Mr. William Jackson, Director of the Department of Veterans Affairs. Mr. Jackson began by thanking the Commission and the General Assembly for passing legislation concerning college tuition charged to children of veterans.

Mr. Jackson then briefly described a pilot project in Ohio concerning veterans licensing and certification. He explained that the Ohio program allows veterans to use training in the military specialties to obtain professional licenses. He stated that the Ohio program started in five job areas, and it is being expanded. As an example, Mr. Jackson noted that in many locations there is a shortage of qualified truck drivers, and that in Ohio a refresher course was provided for veterans with military driving experience in order to expedite their licensing.

He stated that such a program in Indiana would help to ensure that veterans from Indiana would return when their enlistments in the military were completed. Mr. Jackson told the Commission that he has contacted Ohio to determine what legislation, if any, they enacted to implement the licensing project. He also noted that Ohio has applied for a federal grant to help with the costs of administering the project.

Senator Allie Craycraft commented that he thought that such a licensing program was a good idea. Mr. Jackson responded that he would contact the Department of Workforce Development to inform them that the Commission is interested in exploring the idea. (See Exhibit A, "The Ohio Military Veteran Licensing and Certification Project;" and Exhibit B, "Study of Civilian Licensure and Certification for Veterans.")

Representative GiaQuinta then recognized Mr. Joe Duray, Chairman of the Military and Veterans Coalition of Indiana. Mr. Duray stated that the Coalition supported implementing a program similar to the Ohio licensing project.

II. Indiana Income Taxation of Active Duty Personnel

Representative GiaQuinta recognized Mr. Joe Lackey for a comment concerning income taxation of active duty military personnel from Indiana. Mr. Lackey proposed that Indiana exempt from income tax any military pay of Indiana active duty personnel who are stationed outside Indiana. He stated that he believes this will decrease the number of active duty personnel who change their residency from Indiana.

III. Indiana Veterans Home

Mr. Jackson, the Director of the Department of Veterans Affairs, then testified concerning the residency requirement for admission to the Indiana Veterans Home. He stated that the statute currently requires a veteran to be an Indiana resident for the five years before admission to the Veterans Home, but there is a waiver process under which the Superintendent of the Veterans Home may ask the State Health Commissioner to allow admission for a veteran who has been a resident for at least one year.

Mr. Jackson explained that the Superintendent of the Veterans Home, the Home's Advisory Commission, and the State Department of Health were interested in changing the statutory residency requirement so that a veteran with at least one year's residency could be admitted to the Home without going through the waiver process.

Representative GiaQuinta questioned whether it was wise to change the statutory

residency requirement from five years to one year, and he suggested the possibility of changing to a three-year residency requirement. Senator Wyss said that moving to a one-year residency requirement may create a problem with persons who move out-of-state for tax reasons, but then move back to Indiana in order to reside in the Veterans Home. In response to questions from Representative GiaQuinta and Senator Wyss, Mr. Jackson stated that there are 99 veterans homes in 44 states, and that approximately 75% of those have a one-year residency requirement.

In response to a question from Mr. Terry Smith, Mr. Jackson said that he did not know of any requests for waivers from the five-year residency requirement that had been denied. Senator Wyss commented that because there is currently a waiver process available, he was not sure that the residency requirement should be changed to one year. Mr. Jim Brown commented that he did not want to foreclose admission to the Veterans Home to those veterans who, for example, leave Indiana to try living with out-of-state children, but then decide to return to Indiana. Senator Craycraft commented that regardless of the residency requirement, some type of case-by-case waiver process should be maintained to cover veterans who leave Indiana but then return.

Mr. Smith questioned Mr. Jackson about rumors predicting that the Veterans Home would be closed. Mr. Jackson said that Lt. Governor Kernan delivered a letter from Governor O'Bannon to the Veterans Home stating that the Governor does not intend to close the Home. Mr. Jackson explained that the wording of a survey related to the operation of state facilities led to the unfounded rumors.

IV. Property Tax Deductions for Veterans

Mr. Jackson of the Department of Veterans affairs noted that the property tax deduction for elderly persons was increased in 1999, and that the income limitations and the assessed value limitations for this deduction were also increased to make more persons eligible for the deduction. He stated that the Commission should consider whether the deduction for disabled veterans should also be increased.

Mr. Bob Sigalow, fiscal analyst for the Commission, provided the Commission members with a brief description of the total veterans property tax deductions that were claimed statewide in 1999. Mr. Sigalow stated that in 1999, Indiana veterans deducted \$139.8 million in veterans deductions, worth \$12.3 million in actual net property tax reductions. (See Exhibit C, Memorandum re: Property Tax Deductions for Veterans.)

Representative GiaQuinta commented that increasing the property tax deduction for veterans may be a difficult thing to do before the debate over the property tax reassessment is resolved.

V. PERF and TRF Military Service Credit

Representative GiaQuinta then described how he had introduced HB 1276 during the 2000 Session of the General Assembly in order to provide military service credit for some members of the Public Employees' Retirement Fund (PERF) and the Teachers' Retirement Fund (TRF) who have not received credit for their military service.

Mr. Ed Gohmann, attorney for the Commission, described HB 1276 and explained that the bill provided that members of PERF or TRF who serve on active duty in the armed services of the United States for at least six months are entitled to up to two years of service credit for the time served on active duty, to the extent that service credit is not granted for that time under other PERF or TRF provisions concerning military service

credit. Mr. Gohmann noted that this would extend military service credit to those PERF and TRF members who had military service before beginning government employment or, in the case of TRF members, before enrolling in college for training as an educator. He said that according to a fiscal impact statement prepared for the bill during the past legislative session, the cost of providing the military service credit as proposed in HB 1276 would add approximately \$26 million in unfunded accrued liabilities to PERF and TRF. In response to a question from Representative Jim Atterholt, Mr. Gohmann explained that under the provisions of HB 1276, a PERF or TRF member would be required to have at least 10 years of creditable service before the member could claim the military service credit. (See Exhibit D, HB 1276-2000.)

Senator Wyss noted that private businesses generally do not give credit for pre-employment military service. He also commented that because of the cost of providing the credit and the increase in the funds' unfunded liabilities, it might prove difficult to pass such a bill.

Representative GiaQuinta then recognized Mr. Fred Lanahan, a state employee and a member of PERF. Mr. Lanahan stated that a number other states and the federal government do give credit for pre-employment military service. He said that expanding military service credit available to veterans would help with the retention of public employees during times of low unemployment, and it would also provide some incentive for veterans to return to Indiana and go to work for a public employer.

VI. Income Tax Deduction for Military Income

Representative GiaQuinta recognized Mr. Joe Duray, Chairman of the Military and Veterans Coalition of Indiana. Mr. Duray stated that the Coalition supports an increase in the income tax deduction for military income. Mr. Dan Bloodgood testified that the Coalition would like the deduction to be increased from \$2,000 per year to \$6,000 per year.

Mr. Bloodgood stated that for the last 35 years the deduction has remained at \$2,000, and that if it were merely to be adjusted for inflation it would have to be increased to more than \$10,000. He said that increasing the deduction to \$6,000 would essentially eliminate the income tax for the retirement benefits of enlisted men. Representative GiaQuinta asked Mr. Bloodgood about the cost of increasing the deduction to \$6,000, and he responded that a fiscal impact statement prepared for the 2000 Session had estimated the annual cost at \$4.8 million. (See Exhibit E, "Military/Veterans Coalition of Indiana Seeks Update of 1965 State Income Tax Deduction for Military Pay.")

Mr. Joe Ryan noted that last year the Commission had unanimously supported the proposed increase in the deduction. Mr. Randy Fairchild then discussed how the Indiana income tax imposed on his military pay had forced him to become a resident of Illinois.

Representative GiaQuinta then thanked the Commission members and the witnesses for their participation. There being no further business, he adjourned the meeting shortly before noon.